

Message Text

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ORIGIN XMB-04

INFO OCT-01 AF-06 ISO-00 EB-07 AID-05 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 TRSE-00 OPIC-06 SP-02 CIEP-02

OMB-01 PA-02 PRS-01 USIA-15 /060 R

66611

DRAFTED BY: XMB:AMOHANIAN/PAD

APPROVED BY: EB/OCA/REP:EMCKEON

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AF/E/HJJANIN

EB/IFD/ODF:RASWART

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R 282202Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY LUSAKA

UNCLAS STATE 098509

E.O. 11652: NA

TAGS: APUB, ZA

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO THE
GOVERNMENT OF ZAMBIA

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINALY TEXT OF EXPORT-
IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 1,701,000
TO GOVERNMENT OF ZAMBIA. RELEASE IS SCHEDULED FOR ANNOUNCE-
MENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, FRIDAY, MAY 9,
1975.

QUOTE: EXIMBANK CREDIT OF DOLS 1,701,000 SUPPORTS DOLS
5,670,000 SALE OF U.S. LOCOMOTIVES TO GOVERNMENT OF
ZAMBIA

TO HELP FINANCE A DOLS 5,670,000 SALE OF TEN GENERAL
ELECTRIC MODEL U20C DIESEL-ELECTRIC LOCOMOTIVES TOGETHER WITH
SPARE PARTS TO THE GOVERNMENT OF ZAMBIA, THE BOARD OF DIRECTORS
OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS
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AUTHORIZED A DIRECT CREDIT OF DOLS 1,701,000 TO FINANCE 30

PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. CONTINENTAL BANK INTERNATIONAL IS PROVIDING A CREDIT OF DOLS 1,701,000 TO FINANCE 30 PERCENT OF THE U.S. COSTS. THE PRIVATE EXPORT FUNDING CORPORATION OF NEW YORK, IS ALSO PROVIDING A CREDIT OF DOLS 1,701,000 TO COVER 30 PERCENT OF THE TOTAL U.S. COSTS, WHICH WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. THE GOVERNMENT OF ZAMBIA WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR DOLS 567,000.

THE GENERAL ELECTRIC COMPANY'S LOCOMOTIVE PLANT IN ERIE, PENNSYLVANIA WILL MAKE DELIVERY OF THE LOCOMOTIVES IN APRIL AND MAY 1975. THEY WILL BE FOR THE USED OF ZAMBIA RAILWAYS. SINCE 1966, ZAMBIA RAILWAYS HAS PURCHASED 65 GENERAL ELECTRIC LOCOMOTIVES WITH EXIMBANK'S FINANCIAL SUPPORT.

THE LOANS ARE TO BE REPAID IN 20 SEMIANNUAL INSTALLMENTS BEGINNING NOVEMBER 5, 1975. EXIMBANK'S DIRECT CREDIT OF DOLS 1,701,000 WILL BE REPAID OUT OF A PORTION OF THE 14TH INSTALLMENT AND ALL OF INSTALLMENTS 15 THROUGH 20 WITH INTEREST AT THE RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES OF ABOUT 8.7 PERCENT TO 8.95 PERCENT PER ANNUM. UNQUOTE KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 28 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE098509
Document Source: CORE
Document Unique ID: 00
Drafter: XMB:AMOHANIAN/PAD
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750149-0660
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750410/aaaaajfb.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 10 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 JUL 2003 by maginmm>; APPROVED <07 JAN 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS RELEASE ON EXIMBANK CREDIT TO THE GOVERNMENT OF ZAMBIA
TAGS: APUB, ZA
To: LUSAKA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006